

EX PARTE OR LATE FILED

BELLSOUTH

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July 8, 1999

EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

RECEIVED
JUL 8 1999
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: CC Docket No. 96-98

Dear Ms. Salas:

On July 7, 1999, Jonathan Banks, Keith Milner, Steve Inman, Kelly Stephens and I, representing BellSouth, met with Commission staff to discuss issues related to the Commission's UNE Remand proceeding. Commission staff participating in at least part of the meeting included: Carol Matthey, Jake Jennings, Claudia Fox, Bill Sharkey, Sanford Williams, Jody Donovan, and Chris Libertelli of the Common Carrier Bureau's Policy and Program Planning Division; and Jerry Stanshine of OET. The attached documents formed the basis for the BellSouth presentation.

In accordance with Section 1.1206(b)(2), I am filing two copies of this notice in the docket identified above. If you have any questions concerning this, please call me.

Sincerely,



Kathleen B. Levitz

Attachments

cc: Carol Matthey (w/o attachments)
Claudia Fox (w/o attachments)
Sanford Williams (w/o attachments)
Chris Libertelli (w/o attachments)

Jake Jennings (w/o attachments)
Bill Sharkey (w/o attachments)
Jody Donovan (w/o attachments)
Jerry Stanshine (w/o attachments)

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CC Docket No. 96-98

BellSouth July 7, 1999 Ex Parte
Presentation

- Section 251 (d)(2) states that FCC shall consider, at a minimum, whether failure to provide access would impair ability of telecom carrier seeking access to provide the services it seeks to offer
- Supreme Court held that the Commission must give “substance” to the “impair” standard by adopting a “limiting standard” to delineate those network elements that must be unbundled

- CLECs argue that Section 251(d)(2) does not necessarily require that the Commission adopt a limiting standard
- This is clearly inconsistent with the explicit language of the Court's decision (ATT v. IUB, slip op. at p. 21)
- AT&T goes so far as to suggest that any increased costs would constitute impairment
- This too is clearly inconsistent with the explicit language of the Court's decision (ATT v. IUB, slip op. at p.24)

Policy and law do require the following:

- A national standard for analyzing whether a carrier is impaired because of a lack of alternatives or inability to self-provision
- A national list of UNEs that reflects the substantial variation in competitive alternatives and competitor ability to self-provision

- The national standard must decide impairment based on an efficient CLEC's meaningful opportunity to compete
- Whether a CLEC has a meaningful opportunity to compete can only be measured in economically meaningful markets
- An analysis of impairment must be based on facts in the record, not speculation
- An analysis of impairment must balance the costs and benefits of unbundling

- Local service is a local business conducted in local markets
- The Commission has consistently recognized that:
 - local exchange and access services are provided in local markets, and
 - different sets of local customers exist within local markets

- It is likely that demand and supply elasticities in a particular geographic area served by a given LEC will differ from the demand and supply elasticities in other geographic areas served by it or another LEC. This implies that *a single national market, which was defined for interstate services of the IXC's, is not the appropriate geographic market definition for the services of the LEC's*. The relevant geographic market must be narrow enough to only encompass competing access services for the same set of customers, yet be broad enough to be administratively workable. Defining the relevant geographic market incorrectly will misstate competition. We believe that density-based zones of the kind adopted in the expanded interconnection proceeding generally reflect the individual markets for access services.
- *In the Matter of Price Cap Performance Review for Local Exchange Carriers, Treatment of Operator Services Under Price Cap Regulation and Revisions to Price Cap Rules for AT&T*, SECOND FURTHER NOTICE OF PROPOSED RULEMAKING IN CC DOCKET NO. 94-1, FURTHER NOTICE OF PROPOSED RULEMAKING IN CC DOCKET NO. 93-124, AND SECOND FURTHER NOTICE OF PROPOSED RULEMAKING IN CC DOCKET NO. 93-197, ¶ 120 (emphasis added).

- A review of the record in this proceeding shows that competitive alternatives and ability to self-provision vary widely by
 - Geography
 - BellSouth's proposal to use established access zones combines administrability with competitive realities
 - Product
 - Switch versus loop
 - BellSouth's proposal to distinguish between larger businesses and residential customers for loops using the 4-wire loop as the cut-off is also administrable and reflects market realities

Burden of Proof

- The burden of proof should fall on the party with access to and control over the information
 - CLECs know better than ILECs what alternative sources to network elements exist in a given market but have refused to supply that information
 - MCI has alternative sources for transport to 1600 end offices
 - AT&T and Covad obtain about 20% of their local transport from alternative sources
- CLEC supplied factual information does not support findings of impairment

Transport

- Given the widespread availability of competitive facilities in major markets such as Atlanta, transport should not be a UNE in such markets
- Reasonably efficient CLECs would not be impaired by the absence of transport as a UNE

Transport

- Collocation, competitive fiber and entrance facilities are extensive in Zone 1 Atlanta area
 - 23 of 24 Zone 1 Atlanta central offices have existing/in-progress collocation arrangements
 - 71% of access lines are accessible by existing competitive entrance facilities present in 50% of the central offices

Transport

- With nominal build-out, major CLECs in Atlanta area can expand their transport coverage to 100% of BellSouth's Zone 1 Atlanta central offices
 - Very doable for CLECs
 - CLECs can serve one another's needs, if they so desire

Transport

- Estimate of AT&T's build-out cost for 100% Atlanta Zone 1 transport coverage
 - Additional route miles of fiber to connect 11 remaining central offices
 - 135 Route Miles
 - Estimated average cost per month to reach each of these remaining 11 COs is \$36 per DS1

Transport

- Estimate of MCI's build-out cost for 100% Atlanta Zone 1 transport coverage
 - Additional route miles of fiber to connect 16 remaining central offices
 - 180 Route Miles
 - Estimated average cost per month to reach each of these remaining 16 CO'S is \$35 per DS1

Transport

- Estimate of ICG's build-out cost for 100% Atlanta Zone 1 transport coverage
 - Additional route miles of fiber to connect 19 remaining central offices
 - 115 Route Miles
 - Estimated average cost per month to reach each of these remaining 19 Zone 1 CO's is \$ 36 per DS1

Transport

- Estimate of e.spire's build-out cost for 100% Atlanta Zone 1 transport coverage
 - Additional route miles of fiber to connect 16 remaining central offices
 - 325 Route Miles
 - Estimated average cost per month to reach each of these remaining Zone 1 CO's is \$38 per DS1

Transport

- Analysis Steps
 - 1 Air mile distances from each competitor's fiber route to each BellSouth Zone 1 CO were estimated
 - 2 The distances in step 1 were summed to produce total air miles of fiber required for CLEC to build out to every BellSouth Zone 1 CO
 - 3 The Georgia statewide average BellSouth fiber cost/month/air mile/DS1 was multiplied by the total air miles in step 2 to produce the total fiber build-out cost per month/DS1
 - 4 The total air miles in step 2 was multiplied by a route-to-air ratio of 1.5 to estimate the total route miles of fiber required for build-out
 - 5 The Zone 1 COs without collocation and/or entrance facilities were identified for each CLEC

Transport

- Analysis Steps (continued)
 - 6 The typical cageless collocation cost per month per office per DS1 is multiplied by the number of Zone 1 COs in which the CLEC does not have an existing or pending collocation arrangement
 - 7 Typical termination equipment and entrance cable costs per month per office per DS1 are multiplied by the number of Zone 1 COs in which the CLEC does not have entrance facilities
 - 8 The costs for fiber (step 3), collocation (step 6), and termination equipment & entrance cable (step 7) are summed to produce an estimate of the total build-out cost per month per DS1 for each of the four CLECs
- Note: Nonrecurring costs and equipment costs amortized over 5 year period @ 11.25% cost of money

Transport

- Summary--
 - In major markets such as Atlanta:
 - CLECs have in place extensive facilities to reach BellSouth's central offices
 - Fiber routes and spurs
 - Entrance facilities and CO equipment
 - Collocation arrangements
 - CLECs have many pending/planned additions to these facilities
 - With nominal build-out, CLECs can reach all CO and have 100% coverage for alternative transport
 - Transport should not be a UNE

Advanced Services

- CLECs are not impaired without access to ILEC DSLAMs and packet switches
- With emerging technologies such as ADSL, CLECs and ILECs are at the starting gate together
- CLECs can acquire packet switching from numerous alternative sources. ILECs are not dominant providers of packet switching
- “Advanced Services Order” provides a broad range of collocation opportunities for CLECs
- CLECs claim they lead ILECs in providing advanced services and predict this lead will continue

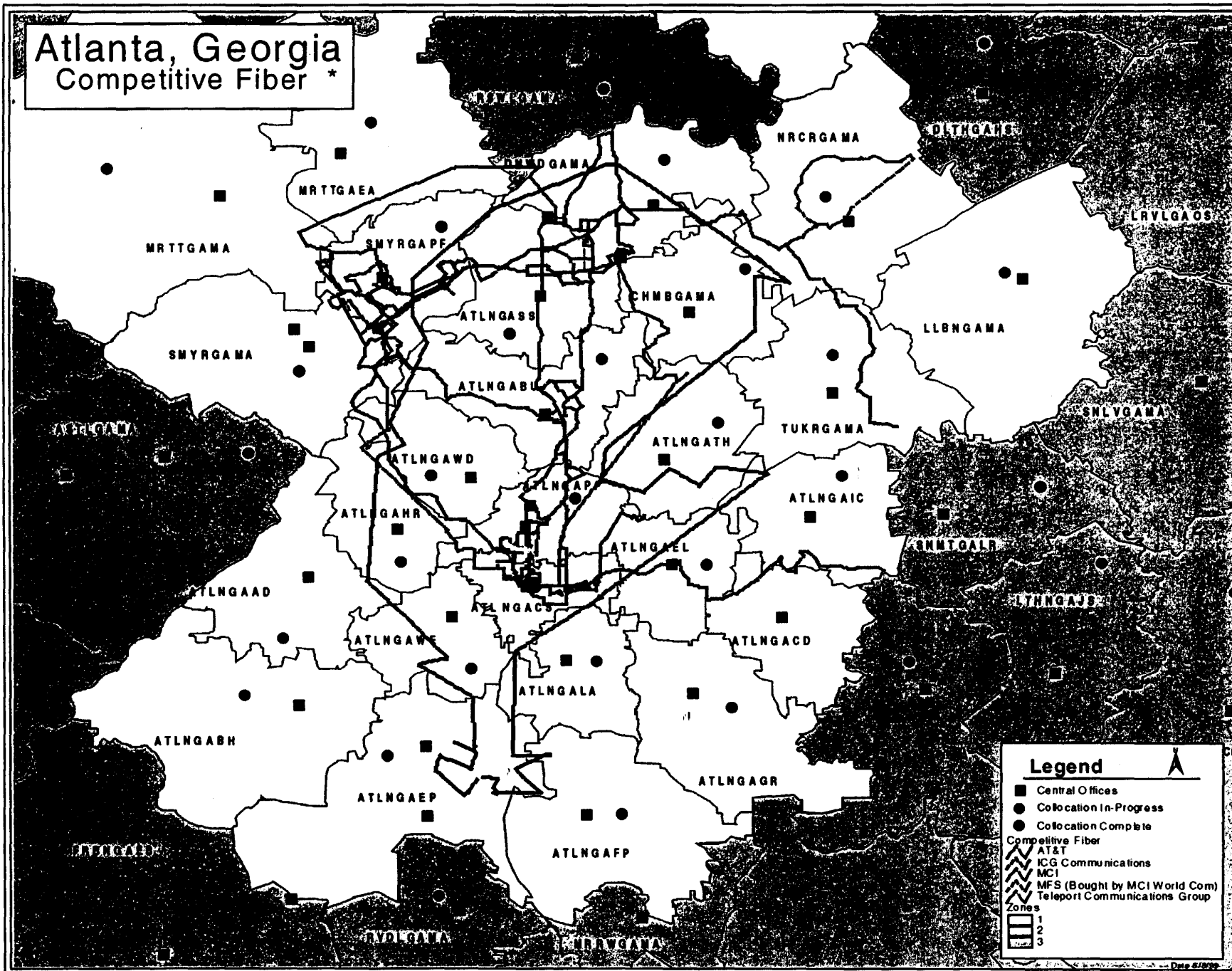
Switching

- CLECs have deployed switches throughout Zone 1 areas, including Atlanta, and deployment continues
 - 26 existing & planned CLEC switches in Zone 1 -- Atlanta
 - 30 BellSouth (BST) switches in Zone 1 -- Atlanta
 - 175 existing & planned CLEC switches in all BST Zone 1 areas
 - 260 BST switches in BST Zone 1 areas
- CLEC switch deployment demonstrates feasibility of self-provisioning alternative
- CLECs are free to sell switch capacity to other CLECs

Summary

- Law and policy dictate that
 - there be nationwide standards
 - a nationwide list account for varying competitive alternatives
 - there be market-by-market analysis
 - the burden of proof be fairly allocated based on knowledge and control of information

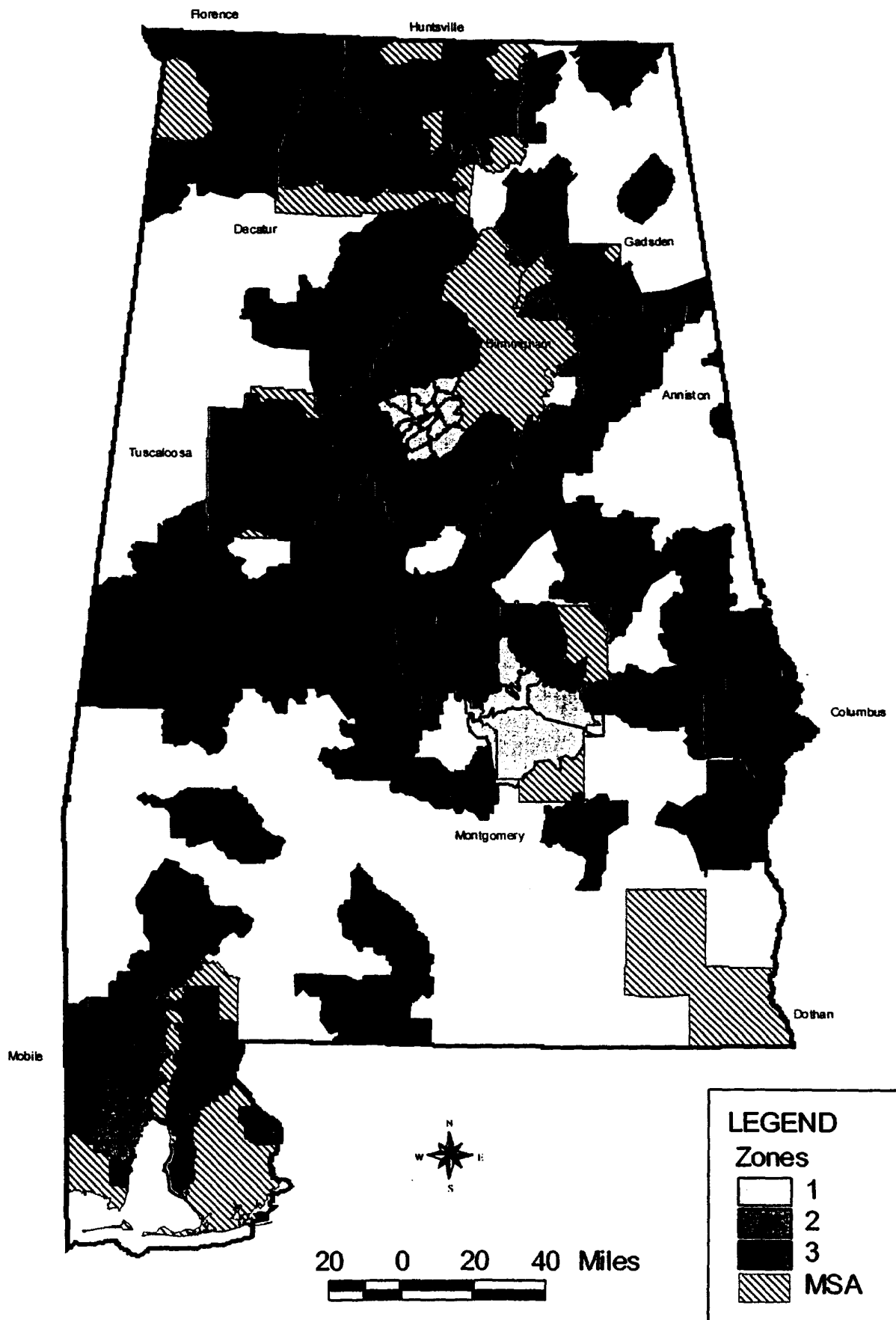
Atlanta, Georgia Competitive Fiber *



* Additional existing utility company, CLEC, and/or CATV fiber not shown

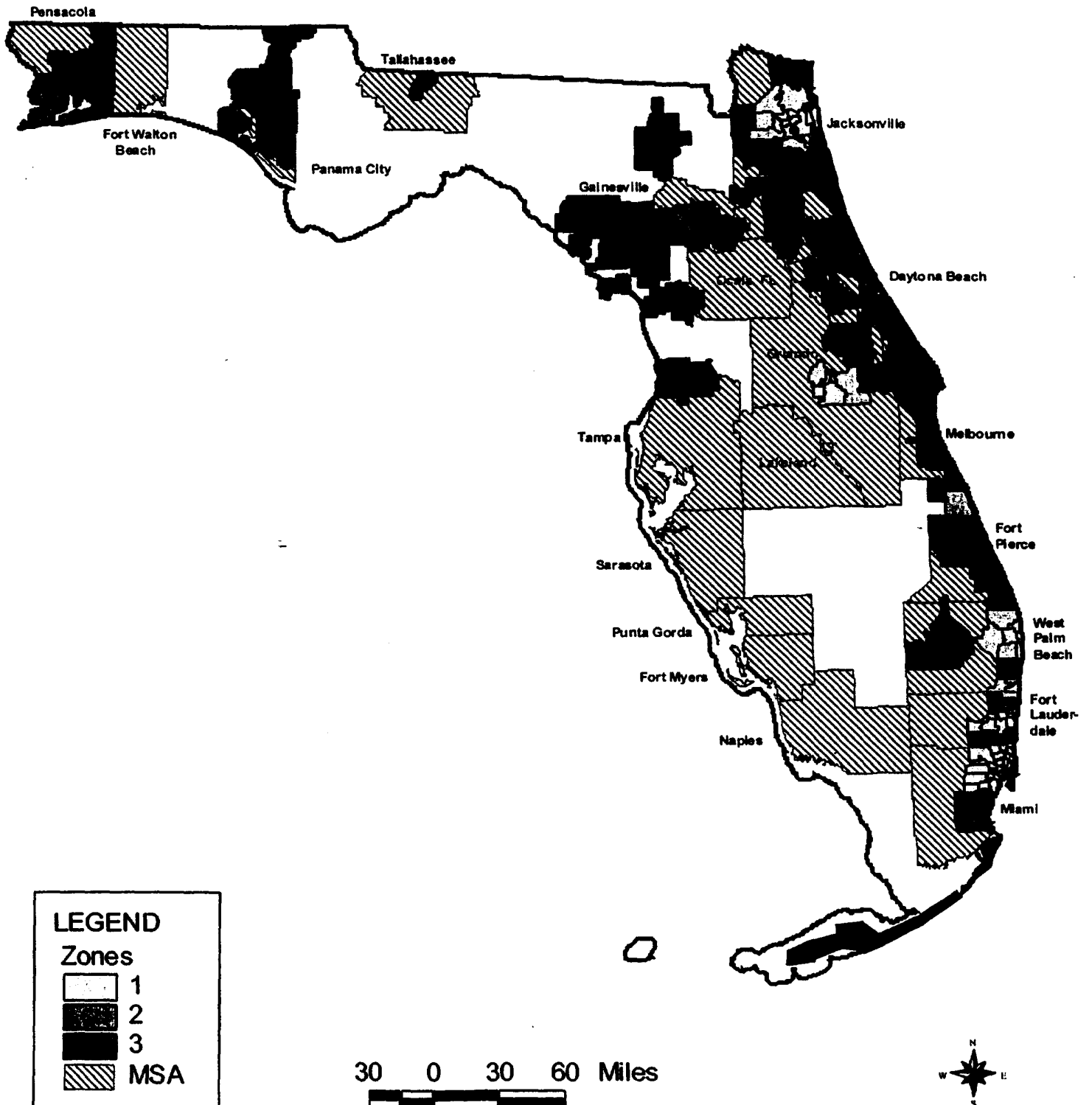
ALABAMA

Zone Distribution in Relation to MSAs



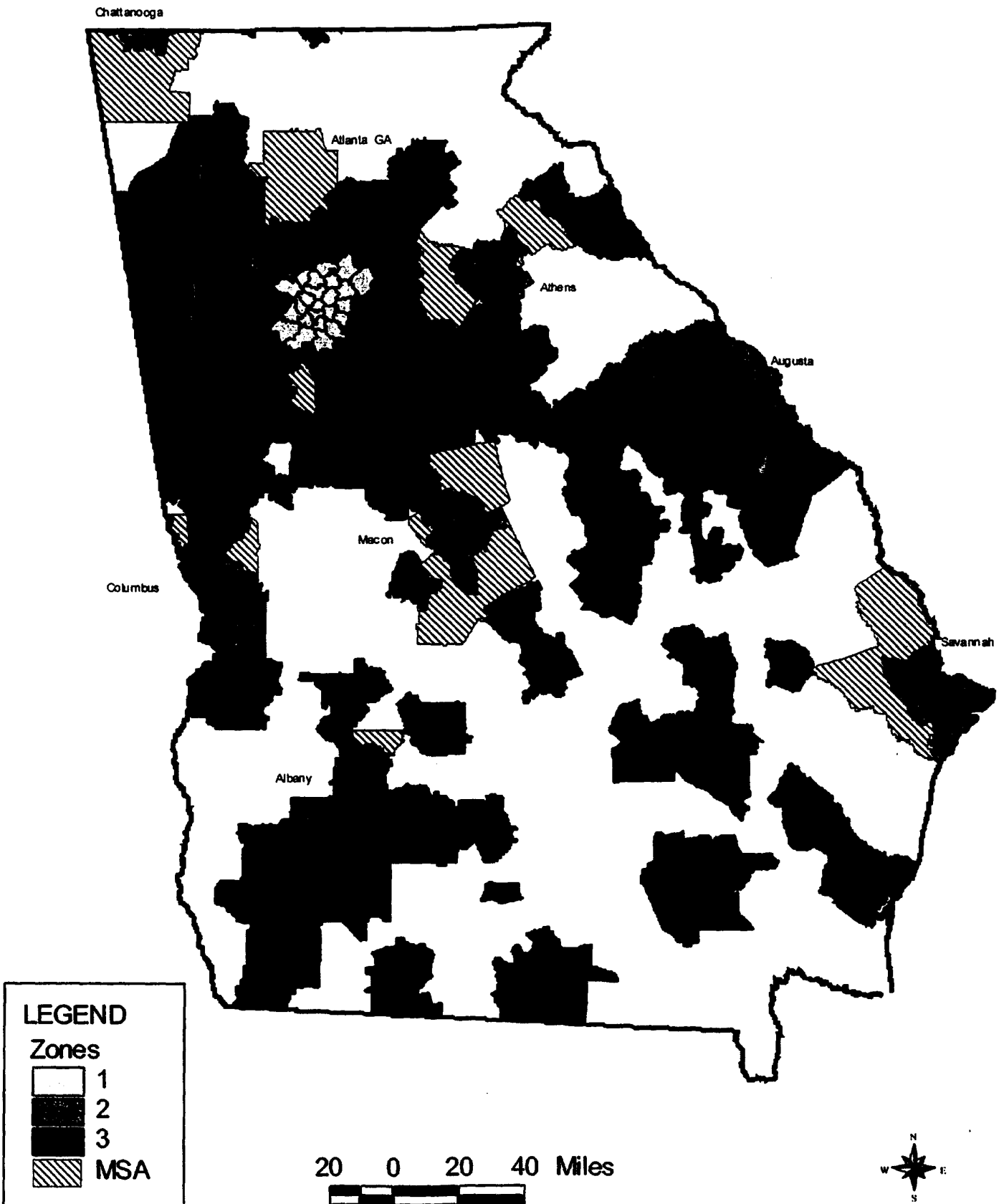
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Zone Distribution in Relation to MSAs



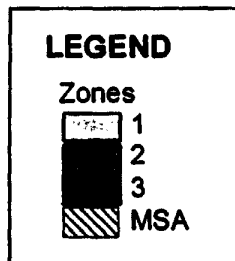
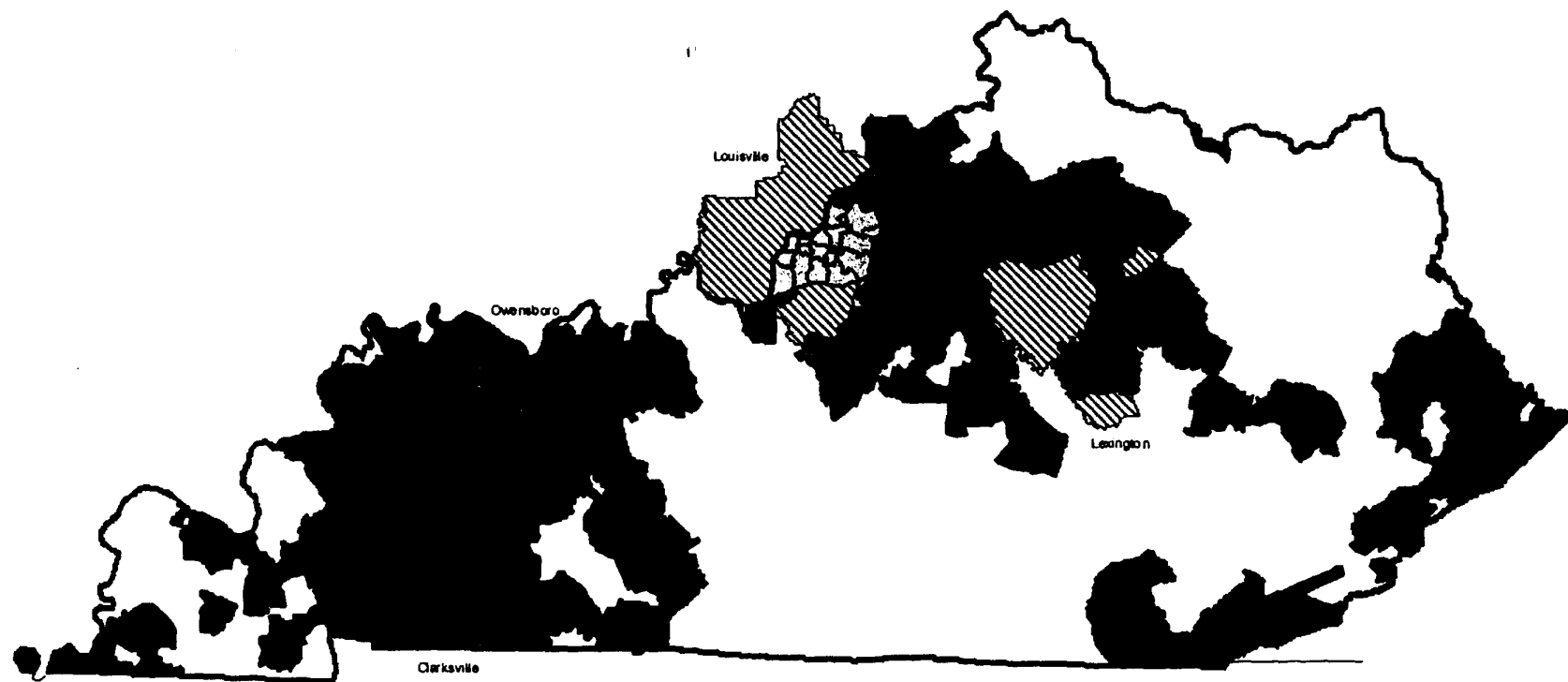
GEORGIA

Zone Distribution in Relation to MSAs



KENTUCKY

Zone Distribution in Relation to MSAs

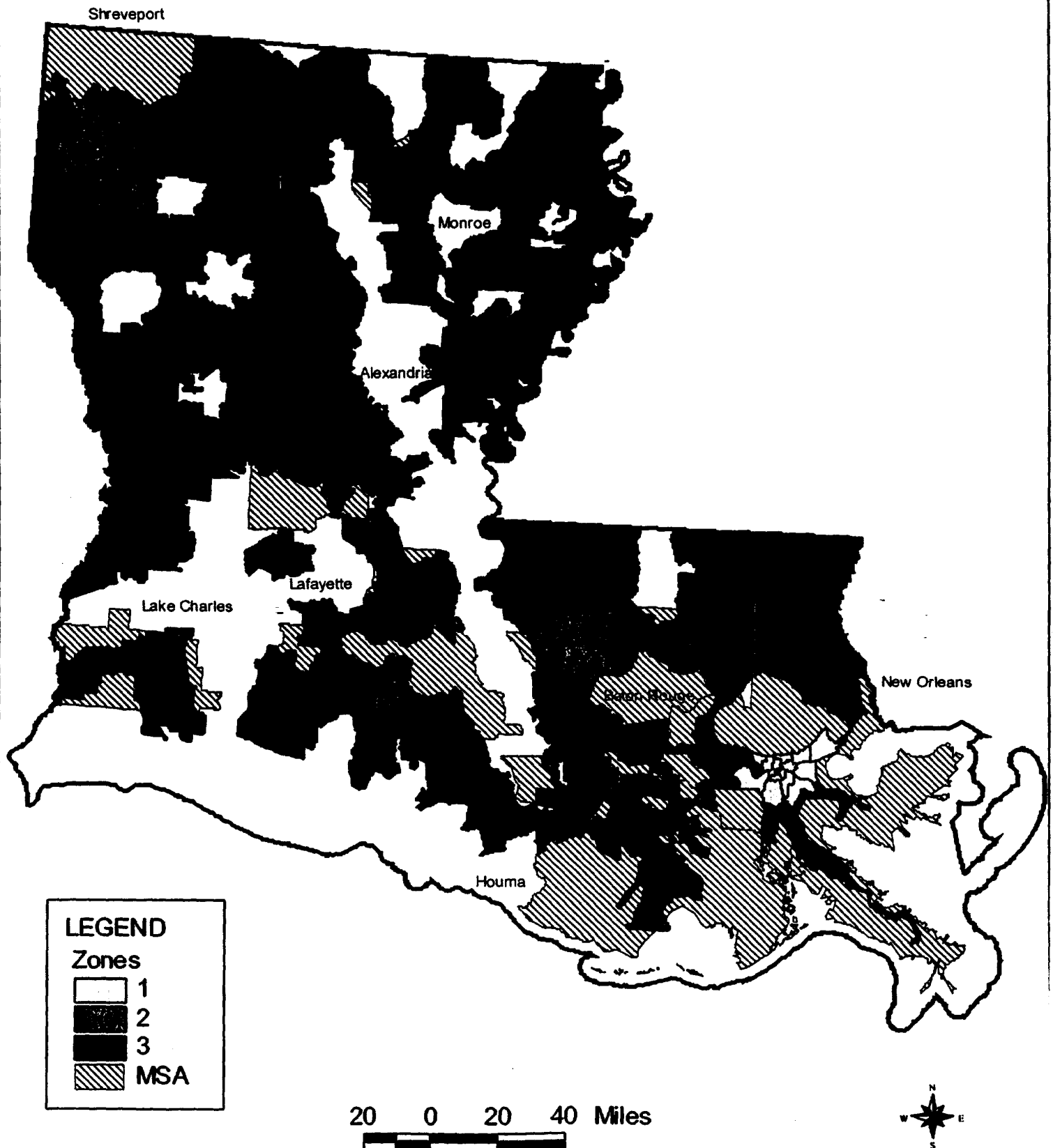


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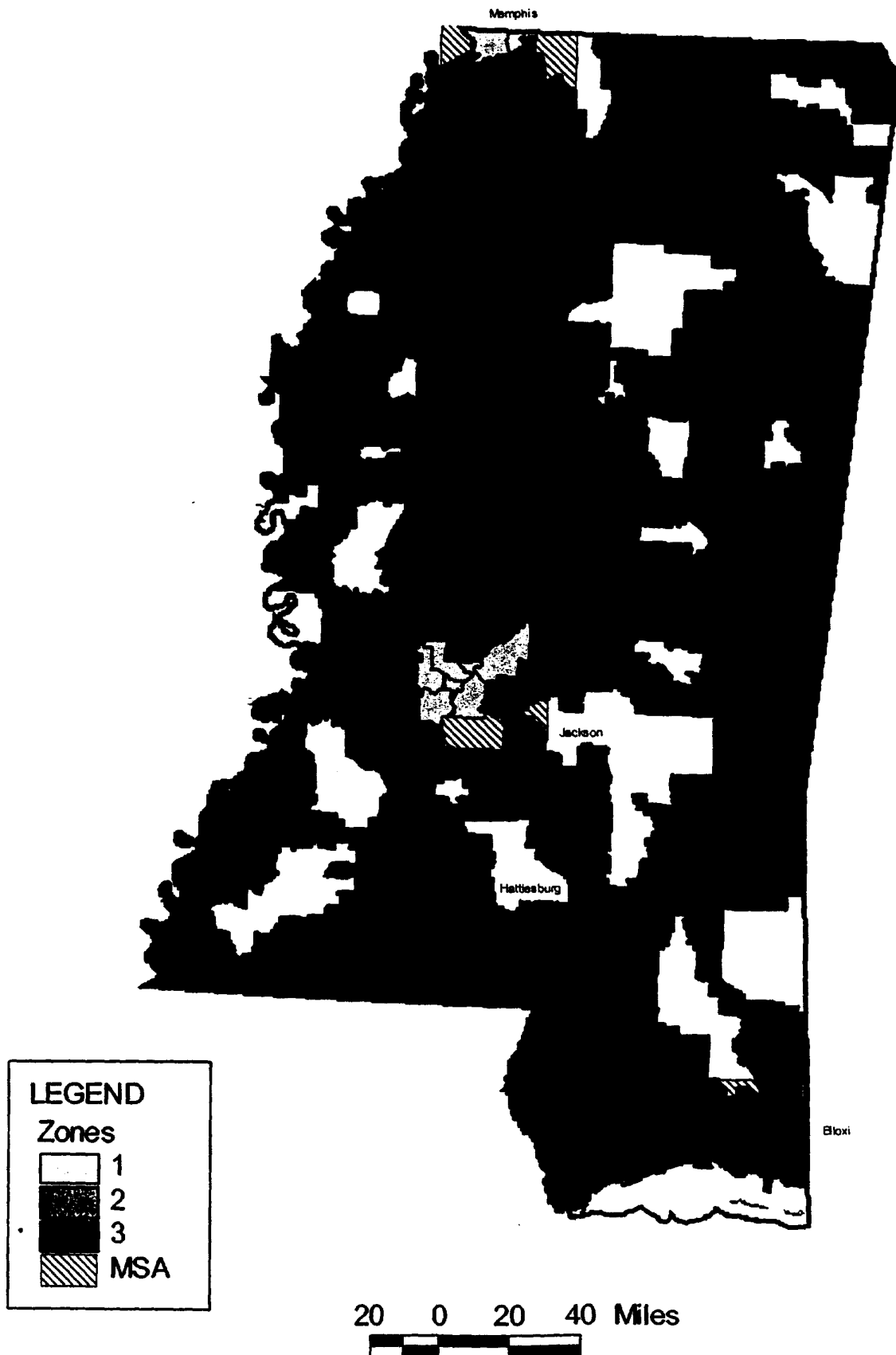
LOUISIANA

Zone Distribution in Relation to MSAs



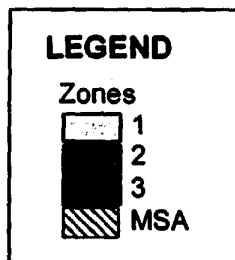
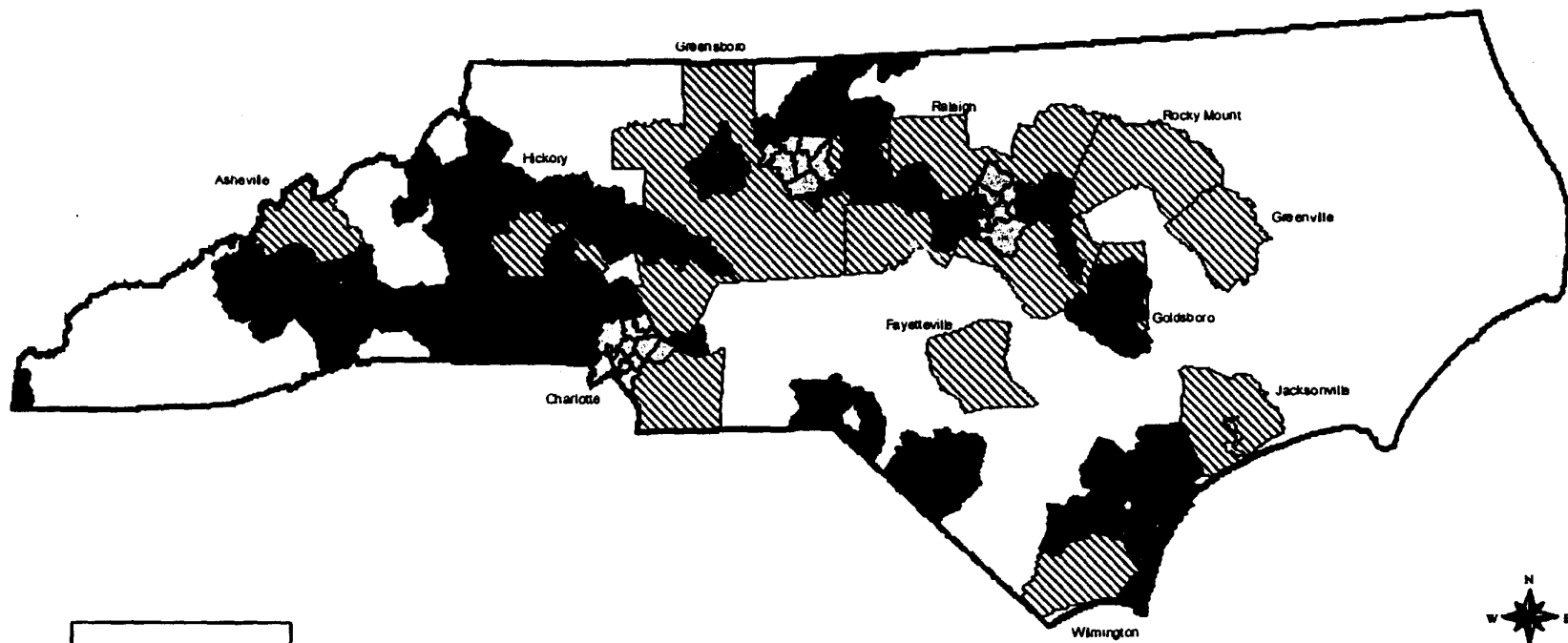
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Zone Distribution in Relation to MSAs



NORTH CAROLINA

Zone Distribution in Relation to MSAs

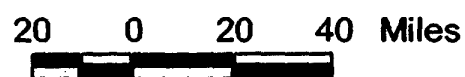
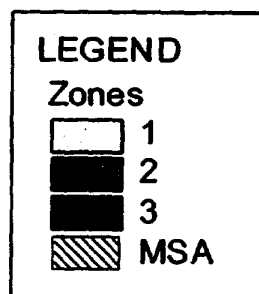
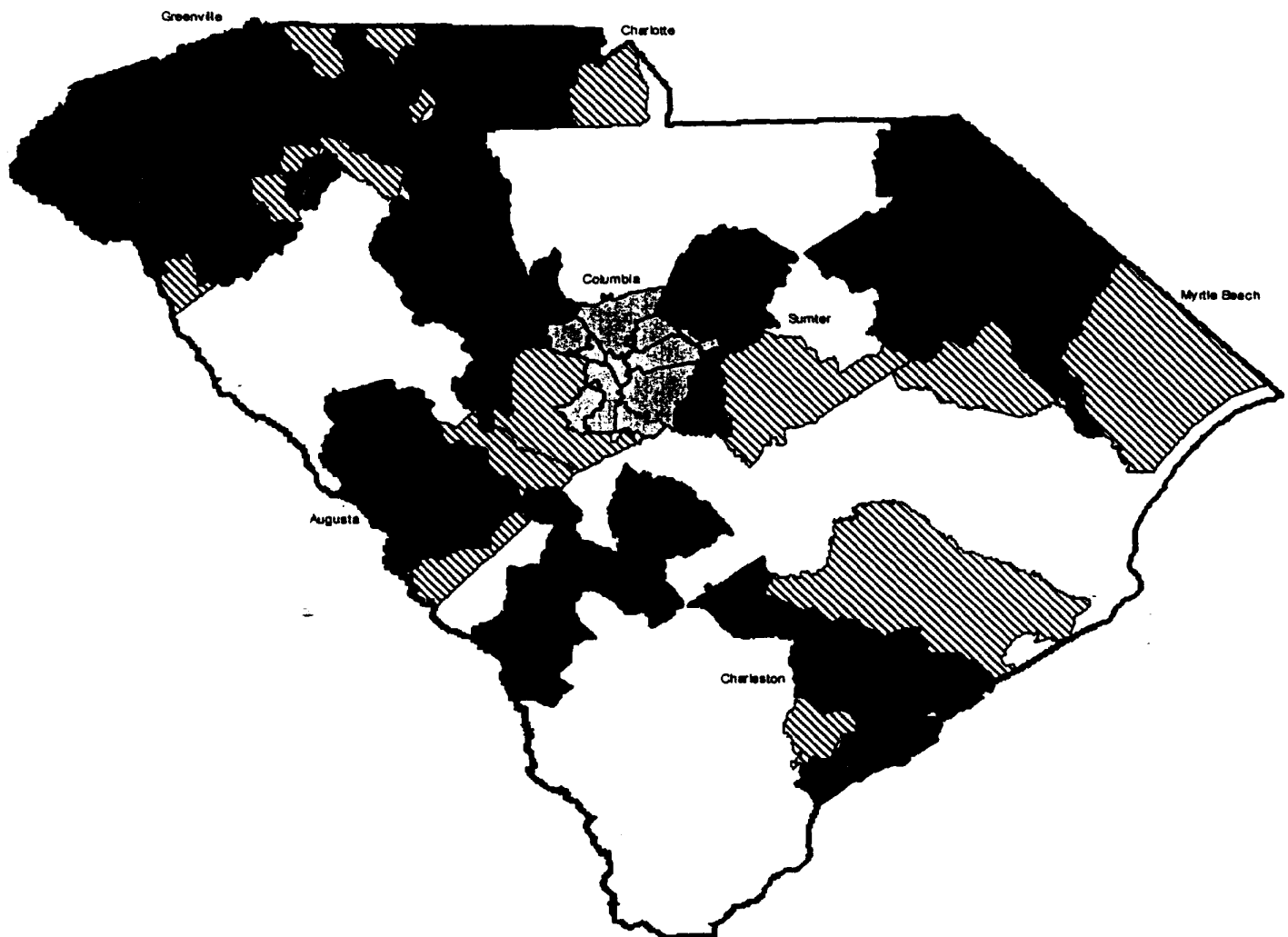


70 0 70 140 Miles



SOUTH CAROLINA

Zone Distribution in Relation to MSAs



TENNESSEE

Zone Distribution in Relation to MSAs

